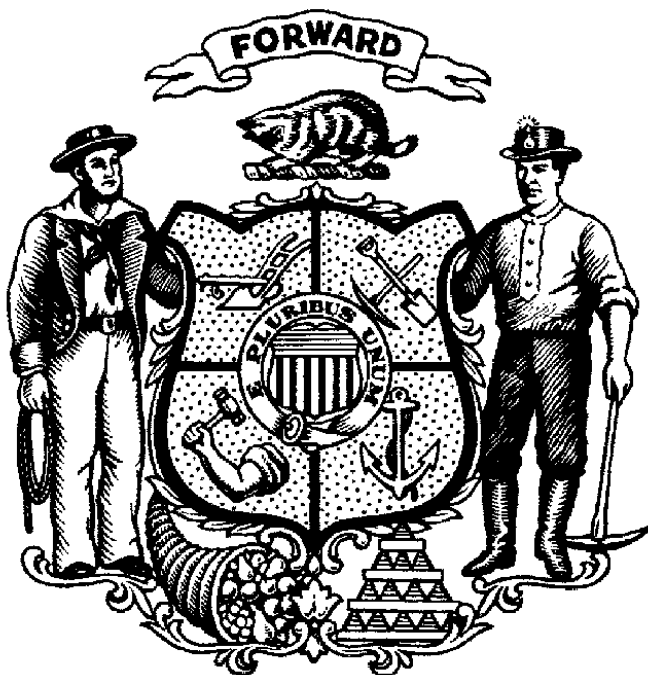


State of Wisconsin

Department of Regulation and Licensing



Agency Budget Request
2011 – 2013 Biennium
September 15, 2010

State of Wisconsin

Department of Regulation and Licensing

Table of Contents

Section	Page
Cover Letter and Agency Information	3
Agency Total by Fund Source	11
Agency Total by Program and Sub Program	12
Agency Total by Decision Item	13
GPR Earned	14
Program Revenue	15
Decision Item Information	24

Jim Doyle
Governor

Celia M. Jackson
Secretary

**WISCONSIN DEPARTMENT OF
REGULATION & LICENSING**



1400 E Washington Ave
PO Box 8935
Madison WI 53708-8935
Email: web@drl.state.wi.us
Voice: 608-266-2112
Toll Free: 1-877-617-1565
FAX: 608-267-0644
TTY: 608-267-2416

September 15, 2010

Daniel J. Schooff, Secretary
Wisconsin Department of Administration
101 E. Wilson Street
Madison, Wisconsin 53707

Dear Secretary Schooff,

On behalf of the Department of Regulation and Licensing, I am pleased to submit our 2011-13 Biennial Budget request.

This budget is consistent with Governor Doyle's request to build upon our department's existing strengths without increasing new positions. We have worked diligently to identify budget efficiencies and to streamline our processes in serving our boards, licensees and the citizens of Wisconsin.

Our recent successful completion of a major Information Technology project, Integration of Credentialing and Enforcement (ICE), and the creation of a new Medical Board Bureau has enabled us to process applications more timely and to resolve our backlog of complaints. Online renewals for the professions we regulate are at 90% and our implementation of E-credential has resulted in more timely renewals for our licensees. In the Division of Enforcement, our new teams have exceeded their goals of resolving 90% of all complaints within 24 months and significantly reduced the backlog of cases.

As an agency within the Executive branch, we recognize the challenge of balancing a state budget, especially in this economy. We are committed to continuing to do our part to maintain a more efficient government.

I look forward to discussing this Budget request with you and other members of the Budget Office.

Please let me know if you have any questions.

Sincerely,


Celia M. Jackson

AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department provides policy coordination and centralized administrative services for 68 boards, committees, councils and advisory committees, and oversees the regulation of 136 types of credentials and over 359,000 credential holders.

The department is comprised of four divisions. Professional Credentialing is responsible for all application processing including determination of credential eligibility and credential renewal, consultation about continuing education and examination requirements for regulated professions. Board Services is responsible for providing support to regulatory boards including administrative support. Management Services provides administrative services such as planning, budget, accounting and information technology. Enforcement provides complaint investigations, prosecution services, and a professional assessment program.

Boards attached to the department have independent responsibility to regulate specific professions; while the department oversees those professions for which it has direct licensing authority.

Department and board operations are funded through credential application, renewal and examination fees. A fee schedule for the application and renewal of all credentials is set by the department with legislative oversight. Examination fees are set by statute and administrative rule.

MISSION

The mission of the department is to protect the citizens of Wisconsin by ensuring the safe and competent practice of licensed professionals.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Professional Regulation

Goal: The credentialing authorities will set appropriate eligibility, education, examination and experience requirements, and make this information readily available to users of services.

Objective/Activity: Provide ongoing assessment, consultation and assistance to the credentialing authorities to assure there is transparency, consistency and effectiveness in the eligibility process and continuing education process where applicable.

Objective/Activity: Promote the department's Web site and E-business services in order to focus the department's resources on higher priority needs and more direct consumer protection.

Objective/Activity: Represent Wisconsin's interests to national regulatory service agencies by participating in forums and conferences, and responding to issue surveys.

Objective/Activity: Create valid and reliable jurisprudence examinations for new professions.

Objective/Activity: Evaluate, administer and manage examination services from outside vendors, and conduct on-site performance audits.

Goal: The credentialing authorities will set and maintain practice standards essential to provide safe and effective services for consumers while weighing the effectiveness and need for changes in the profession brought about by new technology.

Objective/Activity: Provide training to credentialing authorities relative to their role.

Objective/Activity: Ensure that regulatory information is accessible through the department's Web site, press releases and other department communications.

Objective/Activity: Keep credentialing authorities informed of current developments, data, trends, legal opinions and issues related to their responsibilities.

Goal: The credentialing authorities will appropriately resolve complaints and discipline credential holders who violate professional standards.

Objective/Activity: Provide and manage a Professional Assessment Program (PAP).

Objective/Activity: Conduct reviews to monitor the screening, investigation, legal action and hearing stages of complaints to ensure compliance with the policies of the credentialing authority.

Objective/Activity: Perform inspections and audits of business establishments and entities to ensure compliance with applicable laws and rules.

Objective/Activity: Provide training to credentialing authorities relative to their role.

Objective/Activity: Prepare reports showing the number and nature of disciplinary actions and make that information accessible on the department's Web site.

PERFORMANCE MEASURES

2009 AND 2010 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2009	Actual 2009	Goal 2010	Actual 2010
1.	On-line renewal of credential holders via the Web site.	35%	70%	80%	85%
1.	Credentialing time frame for processing.	N/A		7-10 business days	7-10 business days
1.	Complaint processing time.	N/A		Reduce complaint processing time for 90% of cases to 24 months	Reduced complaint processing time for 100% of cases to 24 months
1.	Audit at least 1% of business establishments and entities annually to ensure compliance with the statutes and administrative rules. ¹				
	Auctioneer	N/A		8	10
	Auction Company	N/A		2	3
	Real Estate Broker	N/A		127	176
	Cemetery Authority	N/A		1	2
	Cemetery Preneed Seller	N/A		2	4
1.	Inspections of new business establishments and entities to ensure compliance with the statutes and administrative rules. ²				
	Beauty Salons	N/A		10%	10%
	Drug Distributors	N/A		100%	100%
	Drug Manufacturers	N/A		100%	100%
	Pharmacy Locations	N/A		100%	100%
	Funeral Homes/Directors	N/A		100%	100%
1.	Increase E-business capacity.	Improve Web site, including adding a search component	0	Add option for on-line application for five new professions	Added option for on-line application for two new professions

Note: Based on fiscal year.

¹Types and count of current active licenses are: Auctioneer, 843 licenses; Auction Company, 184 licenses; Real Estate Broker, 12,707 licenses; Cemetery Authority, 110 licenses; and Cemetery Preneed Seller, 179 licenses.

²The number of new establishments varies from year to year. Inspection requirements are: Beauty Salons, 10% of new establishments; Drug Distributors, 100% of all new distributors; Drug Manufacturers, 100% of all new manufacturers; Pharmacy Locations, 100% of all new locations; and Funeral Homes/Directors, 100% of all new funeral homes.

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2012
1.	On-line renewal of credential holders via the Web site.	90%	95%	95%
1.	Credentialing time frame for processing.	7-10 business days	7-10 business days	5-7 business days
1.	Complaint processing time.	Reduce complaint processing time for 90% of cases to 18 months	Reduce complaint processing time for 95% of cases to 18 months	Reduce complaint processing time for 95% of cases to 18 months
1.	Audit at least 1% of business establishments and entities annually to ensure compliance with the statutes and administrative rules. ¹ Auctioneer Auction Company Real Estate Broker Cemetery Authority Cemetery Preneed Seller	 8 2 127 1 2	 8 2 127 1 2	 8 2 127 1 2
1.	Inspections of new business establishments and entities to ensure compliance with the statutes and administrative rules. ² Beauty Salons Drug Distributors Drug Manufacturers Pharmacy Locations Funeral Homes/Directors	 10% 100% 100% 100% 100%	 10% 100% 100% 100% 100%	 10% 100% 100% 100% 100%
1.	Increase E-business capacity.	Add option for on-line application for an additional	Additional five new professions for a total of 10	Additional five new professions for a total of 15

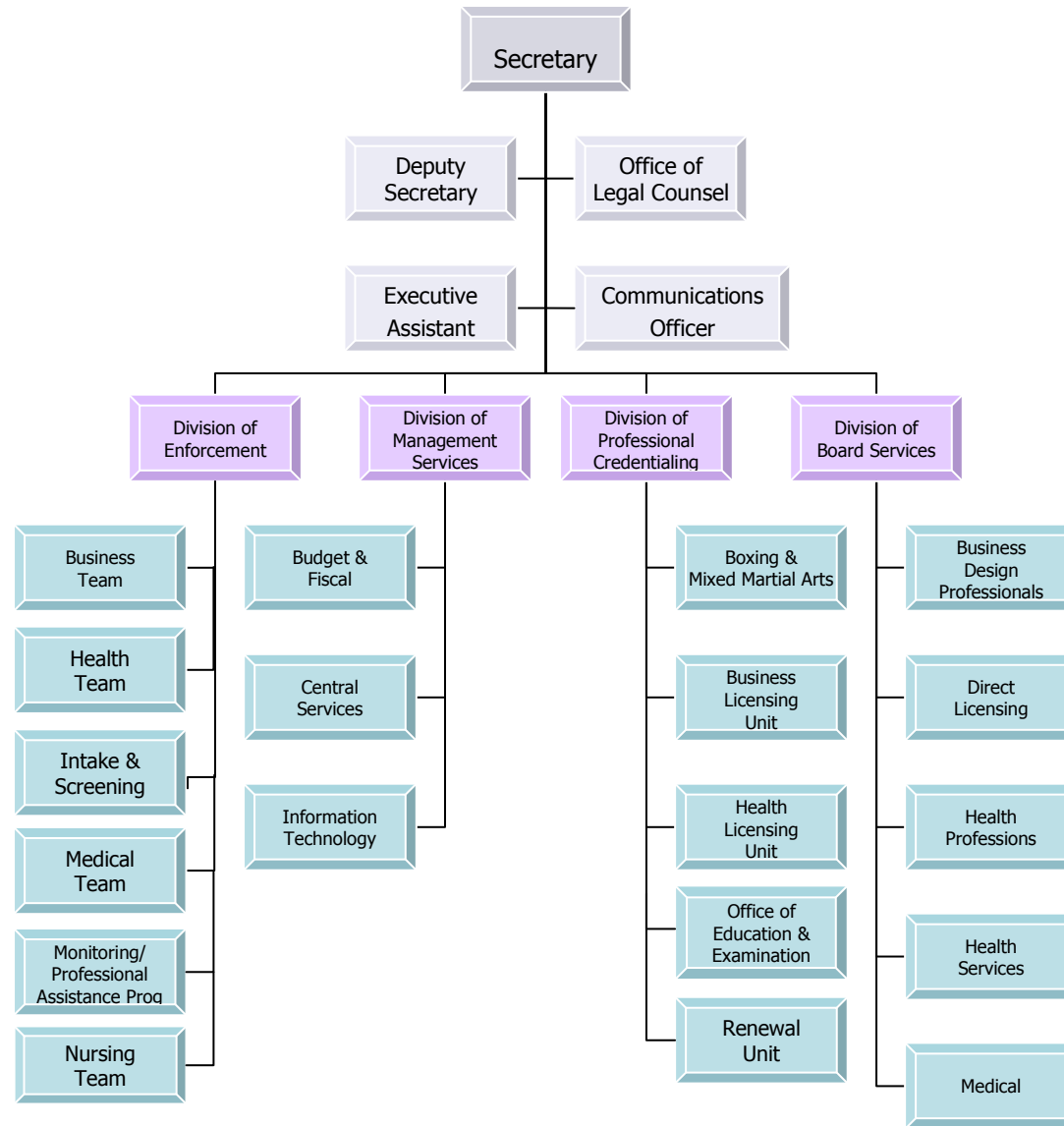
		five new professions		
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Note: Based on fiscal year.

¹Types and count of current active licenses are: Auctioneer, 843 licenses; Auction Company, 184 licenses; Real Estate Broker, 12,707 licenses; Cemetery Authority, 110 licenses; and Cemetery Preneed Seller, 179 licenses.

²The number of new establishments varies from year to year. Inspection requirements are: Beauty Salons, 10% of new establishments; Drug Distributors, 100% of all new distributors; Drug Manufacturers, 100% of all new manufacturers; Pharmacy Locations, 100% of all new locations; and Funeral Homes/Directors, 100% of all new funeral homes.

Wisconsin Department of Regulation and Licensing
Organizational Chart



Agency Total by Fund Source

Department of Regulation and Licensing

ANNUAL SUMMARY						BIENNIAL SUMMARY					
Source of Funds		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
PR	A	\$33,506	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
PR	S	\$13,510,435	\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	19.6%
Total		\$13,543,941	\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	
PR Federal	S	\$2,064	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
Total		\$2,064	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
SEG	S	\$0	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
Total		\$0	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
Grand Total		\$13,546,005	\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	

Agency Total by Program & SubProgram

Department of Regulation and Licensing

ANNUAL SUMMARY							BIENNIAL SUMMARY			
Source of Funds		Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
01	Professional regulation									
PR	A	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
	S	\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	19.57%
PR Federal	S	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
SEG	S	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
Total		\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	
PGM 01 Total		\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	19.57%
Agency Total		\$13,746,500	\$16,420,300	\$16,452,700	124.45	124.45	\$27,493,000	\$32,873,000	\$5,380,000	19.57%

Agency Total by Decision Item

Department of Regulation and Licensing

Decision Item	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
2000 Adjusted Base Funding Level	\$13,746,500	\$13,746,500	122.32	122.32
3001 Turnover Reduction	\$145,200	\$145,200	0.00	0.00
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$864,800	\$864,800	0.00	0.00
3010 Full Funding of Lease and Directed Moves Costs	\$77,500	\$77,500	0.00	0.00
5001 Rent Increase	\$34,800	\$35,900	0.00	0.00
5002 Medical Examining Board - Investigator	\$8,400	\$8,400	0.13	0.13
5003 Auditor	\$108,200	\$108,200	0.00	0.00
5004 Appropriation 124 Re-estimate	\$650,000	\$650,000	0.00	0.00
5005 Real Estate Appraisal Review	\$82,100	\$82,100	0.00	0.00
5006 Expert and Witness Fees	\$94,000	\$94,000	0.00	0.00
5007 Inspections	\$67,600	\$67,600	0.00	0.00
5008 DET Rate Increases	\$102,800	\$134,100	0.00	0.00
5009 Extend Medical Board Project Positions	\$114,000	\$114,000	2.00	2.00
5010 Appropriation 136 - Re-estimate	\$124,400	\$124,400	0.00	0.00
6001 Gifts, Grants, Settlements and Proceeds	\$200,000	\$200,000	0.00	0.00
Agency Total	\$16,420,300	\$16,452,700	124.45	124.45

GPR Earned

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
CHANGE CODE	AR	Agency Request
DATE	September 07, 2010	

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$7,223,300	\$1,665,500	\$2,379,200	\$1,665,500
Total	\$7,223,300	\$1,665,500	\$2,379,200	\$1,665,500

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	20	Nursing workforce survey administration

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$10,000	\$4,700	\$0	\$0
Program Revenue	\$0	\$0	\$10,000	\$0
Total Revenue	\$10,000	\$4,700	\$10,000	\$0
Expenditures	\$5,300	\$4,700	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$10,000	\$10,000
Total Expenditures	\$5,300	\$4,700	\$10,000	\$10,000
<u>Closing Balance</u>	\$4,700	\$0	\$0	(\$10,000)

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	21	General program operations

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$2,001,300	\$2,604,500	\$1,357,200	\$3,994,200
Program Revenue	\$14,797,200	\$13,000,000	\$14,800,000	\$13,000,000
Stat transfer from appn. 124	\$92,900	\$100,000	\$100,000	\$100,000
Statewide Lapse	(\$60,100)	(\$120,200)	\$0	\$0
Unallocated Cash Amount	(\$309,400)	(\$309,400)	\$0	\$0
ACT 28 2% Wage Reduction	(\$110,200)	(\$110,200)	\$0	\$0
ACT 28 Furlough	(\$168,900)	(\$168,900)	\$0	\$0
ACT 28 5.135% Lapse	(\$586,400)	(\$586,400)	\$0	\$0
ACT 28 1% Lapse	(\$114,200)	(\$114,200)	\$0	\$0
DOA Cash Lapse	(\$3,060,700)	(\$3,000,000)	\$0	\$0
Total Revenue	\$12,481,500	\$11,295,200	\$16,257,200	\$17,094,200
Expenditures	\$9,876,976	\$9,938,000	\$0	\$0
3001 Turnover Reduction	\$0	\$0	\$145,200	\$145,200
5001 Rent Increase	\$0	\$0	\$28,600	\$29,400
5003 Auditor	\$0	\$0	\$108,200	\$108,200

5006 Expert and Witness Fees	\$0	\$0	\$2,100	\$2,100
5005 Real Estate Appraisal Review	\$0	\$0	\$82,100	\$82,100
5007 Inspections	\$0	\$0	\$67,600	\$67,600
5008 DET Rate Increases	\$0	\$0	\$194,300	\$194,300
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$63,600	\$63,600
2000 Adjusted Base Funding Level	\$0	\$0	\$10,362,800	\$10,362,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$754,300	\$754,300
Compensation Reserve	\$0	\$0	\$134,200	\$271,200
Health Insurance Reserves	\$0	\$0	\$126,100	\$250,300
27th Pay Period Reserve	\$0	\$0	\$193,900	\$0
Total Expenditures	\$9,876,976	\$9,938,000	\$12,263,000	\$12,331,100
<u>Closing Balance</u>	\$2,604,524	\$1,357,200	\$3,994,200	\$4,763,100

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	24	Examinations; general program operations

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$289,700	\$312,900	\$268,200	\$362,600
Program Revenue	\$2,266,300	\$2,266,300	\$2,266,300	\$2,266,300
Stat Transfer to appn. 121	(\$92,900)	(\$100,000)	(\$100,000)	(\$100,000)
ACT 28 2% Wage Reduction	(\$6,800)	(\$6,800)	\$0	\$0
ACT 28 Furlough	(\$10,400)	(\$10,400)	\$0	\$0
ACT 28 5.135% Lapse	(\$78,500)	(\$78,500)	\$0	\$0
ACT 28 1% Lapse	(\$15,300)	(\$15,300)	\$0	\$0
Total Revenue	\$2,352,100	\$2,368,200	\$2,434,500	\$2,528,900
Expenditures	\$2,039,191	\$2,100,000	\$0	\$0
Health Insurance Reserves	\$0	\$0	\$2,600	\$5,100
Compensation Reserve	\$0	\$0	\$5,800	\$11,700
27th Pay Period Reserve	\$0	\$0	\$9,200	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$1,413,100	\$1,413,100
5001 Rent Increase	\$0	\$0	\$1,700	\$1,800
5004 Appropriation 124 Re-estimate	\$0	\$0	\$650,000	\$650,000

5008 DET Rate Increases	\$0	\$0	\$11,800	\$11,800
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$3,800	\$3,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$26,100)	(\$26,100)
Total Expenditures	\$2,039,191	\$2,100,000	\$2,071,900	\$2,071,200
<u>Closing Balance</u>	\$312,909	\$268,200	\$362,600	\$457,700

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	28	General program operations; medical examining board

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$2,449,400	\$614,400	\$2,461,900
Program Revenue	\$4,162,500	\$0	\$4,162,500	\$0
DOA Lapse	(\$323,200)	\$0	\$0	\$0
Total Revenue	\$3,839,300	\$2,449,400	\$4,776,900	\$2,461,900
Expenditures	\$1,389,852	\$1,835,000	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$1,835,000	\$1,835,000
5001 Rent Increase	\$0	\$0	\$4,500	\$4,700
5002 Medical Examining Board - Investigator	\$0	\$0	\$4,600	\$4,600
5006 Expert and Witness Fees	\$0	\$0	\$91,900	\$91,900
5008 DET Rate Increases	\$0	\$0	\$30,800	\$30,800
5009 Extend Medical Board Project Positions	\$0	\$0	\$114,000	\$114,000
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$10,100	\$10,100
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$136,600	\$136,600
Compensation Reserve	\$0	\$0	\$24,600	\$49,600

Health Insurance Reserves	\$0	\$0	\$25,800	\$51,200
27th Pay Period Reserve	\$0	\$0	\$37,100	\$0
Total Expenditures	\$1,389,852	\$1,835,000	\$2,315,000	\$2,328,500
<u>Closing Balance</u>	\$2,449,448	\$614,400	\$2,461,900	\$133,400

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	31	Technical assistance; non-state agencies and

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$5,800	\$378,300	\$5,000	\$5,000
Program Revenue	\$406,000	\$245,200	\$0	\$0
Total Revenue	\$411,800	\$623,500	\$5,000	\$5,000
Expenditures	\$33,506	\$618,500	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$0	\$0
Total Expenditures	\$33,506	\$618,500	\$0	\$0
<u>Closing Balance</u>	\$378,294	\$5,000	\$5,000	\$5,000

Program Revenue

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
PROGRAM	01	Professional regulation
SUBPROGRAM		
NUMERIC APPROPRIATION	36	Applicant investigation reimbursement

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$35,300	\$24,900	\$24,900	\$89,300
Program Revenue	\$188,800	\$250,000	\$190,000	\$250,000
Total Revenue	\$224,100	\$274,900	\$214,900	\$339,300
Expenditures	\$199,158	\$250,000	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$125,600	\$125,600
5010 Appropriation 136 - Re-estimate	\$0	\$0	\$124,400	\$124,400
Total Expenditures	\$199,158	\$250,000	\$250,000	\$250,000
Closing Balance	\$24,942	\$24,900	(\$35,100)	\$89,300

Decision Item by Line

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
	CODES	TITLES
DECISION ITEM	2000	Adjusted Base Funding Level

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$5,978,100	\$5,978,100
02	Turnover	\$0	\$0
03	Project Position Salaries	\$95,700	\$95,700
04	LTE/Misc. Salaries	\$224,000	\$224,000
05	Fringe Benefits	\$2,831,500	\$2,831,500
06	Supplies and Services	\$4,295,600	\$4,295,600
07	Permanent Property	\$80,500	\$80,500
08	Unalloted Reserve	\$221,100	\$221,100
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$20,000	\$20,000
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$13,746,500	\$13,746,500
18	Project Positions Authorized	2.00	2.00
19	Classified Positions Authorized	111.32	111.32
20	Unclassified Positions Authorized	9.00	9.00

DIN 2000 NARRATIVE

Adjusted Base Funding Level

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	2000	Adjusted Base Funding Level				
	PR	A	\$0	\$0	0.00	0.00
	PR	S	\$13,746,500	\$13,746,500	122.32	122.32
	PR Federal	S	\$0	\$0	0.00	0.00
	SEG	S	\$0	\$0	0.00	0.00
	Total		\$13,746,500	\$13,746,500	122.32	122.32
Agency Total			\$13,746,500	\$13,746,500	122.32	122.32

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	2000	Adjusted Base Funding Level			
01	Professional regulation				
	20 Nursing workforce survey administration	\$10,000	\$10,000	0.00	0.00
	21 General program operations	\$10,362,800	\$10,362,800	99.39	99.39
	24 Examinations; general program operations	\$1,413,100	\$1,413,100	6.00	6.00
	25 Boxing and mixed martial arts fighting; enforcement	\$0	\$0	0.00	0.00
	28 General program operations; medical examining board	\$1,835,000	\$1,835,000	16.93	16.93
	31 Technical assistance; non-state agencies and organizations	\$0	\$0	0.00	0.00
	32 Technical assistance; state agencies	\$0	\$0	0.00	0.00
	36 Applicant investigation reimbursement	\$125,600	\$125,600	0.00	0.00
	40 Federal funds	\$0	\$0	0.00	0.00
	60 Wholesale drug distributor bonding	\$0	\$0	0.00	0.00
	Professional regulation SubTotal	\$13,746,500	\$13,746,500	122.32	122.32
	Adjusted Base Funding Level SubTotal	\$13,746,500	\$13,746,500	122.32	122.32
	Agency Total	\$13,746,500	\$13,746,500	122.32	122.32

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	3001	Turnover Reduction

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$145,200	\$145,200
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$145,200	\$145,200
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 3001 NARRATIVE

Standard Budget Adjustment - Turnover Reduction

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3001	Turnover Reduction				
	PR	S	\$145,200	\$145,200	0.00	0.00
	Total		\$145,200	\$145,200	0.00	0.00
Agency Total			\$145,200	\$145,200	0.00	0.00

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3001	Turnover Reduction			
01	Professional regulation				
	21 General program operations	\$145,200	\$145,200	0.00	0.00
	Professional regulation SubTotal	\$145,200	\$145,200	0.00	0.00
	Turnover Reduction SubTotal	\$145,200	\$145,200	0.00	0.00
	Agency Total	\$145,200	\$145,200	0.00	0.00

DIN 3002 NARRATIVE

Standard Budget Adjustment - Removal of Non-continuing Elements from the Base

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	3003	Full Funding of Continuing Position Salaries and Fringe Benefits

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$560,400	\$560,400
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$304,400	\$304,400
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$864,800	\$864,800
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 3003 NARRATIVE

Standard Budget Adjustment - Full Funding of Continuing Position Salaries and Fringe Benefits

Decision Item by Fund Source

Department of Regulation and Licensing

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3003	Full Funding of Continuing Position Salaries and Fringe Benefits				
	PR	S	\$864,800	\$864,800	0.00	0.00
	Total		\$864,800	\$864,800	0.00	0.00
Agency Total			\$864,800	\$864,800	0.00	0.00

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3003	Full Funding of Continuing Position Salaries and Fringe Benefits			
01	Professional regulation				
	21 General program operations	\$754,300	\$754,300	0.00	0.00
	24 Examinations; general program operations	(\$26,100)	(\$26,100)	0.00	0.00
	28 General program operations; medical examining board	\$136,600	\$136,600	0.00	0.00
	Professional regulation SubTotal	\$864,800	\$864,800	0.00	0.00
	Full Funding of Continuing Position Salaries and Fringe Benefits SubTotal	\$864,800	\$864,800	0.00	0.00
	Agency Total	\$864,800	\$864,800	0.00	0.00

DIN 3004 NARRATIVE

Standard Budget Adjustment - Funding of Ongoing s. 13.10 Supplements

DIN 3005 NARRATIVE

Standard Budget Adjustment - Reclassifications and Semiautomatic Pay Progression

DIN 3007 NARRATIVE

Standard Budget Adjustment - Overtime

DIN 3008 NARRATIVE

Standard Budget Adjustment - Night and Weekend Differential Pay

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	3010	Full Funding of Lease and Directed Moves Costs

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$77,500	\$77,500
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$77,500	\$77,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 3010 NARRATIVE

Standard Budget Adjustment - Full Funding of Lease and Directed Moves Costs

Decision Item by Fund Source

Department of Regulation and Licensing

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3010	Full Funding of Lease and Directed Moves Costs				
	PR	S	\$77,500	\$77,500	0.00	0.00
	Total		\$77,500	\$77,500	0.00	0.00
Agency Total			\$77,500	\$77,500	0.00	0.00

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3010	Full Funding of Lease and Directed Moves Costs			
01	Professional regulation				
	21 General program operations	\$63,600	\$63,600	0.00	0.00
	24 Examinations; general program operations	\$3,800	\$3,800	0.00	0.00
	28 General program operations; medical examining board	\$10,100	\$10,100	0.00	0.00
	Professional regulation SubTotal	\$77,500	\$77,500	0.00	0.00
	Full Funding of Lease and Directed Moves Costs SubTotal	\$77,500	\$77,500	0.00	0.00
	Agency Total	\$77,500	\$77,500	0.00	0.00

DIN 3011 NARRATIVE

Standard Budget Adjustment - Minor Transfers Within the Same Alpha Appropriation

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5001	Rent Increase

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$34,800	\$35,900
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$34,800	\$35,900
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5001 NARRATIVE

The department has received several new positions from new legislation and LTE authority in the last biennial budget. This required an expansion in current leased space to accommodate the new positions.

Decision Item by Fund Source

Department of Regulation and Licensing

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	5001	Rent Increase				
	PR	S	\$34,800	\$35,900	0.00	0.00
	Total		\$34,800	\$35,900	0.00	0.00
Agency Total			\$34,800	\$35,900	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5001	Rent Increase			
01	Professional regulation				
	21 General program operations	\$28,600	\$29,400	0.00	0.00
	24 Examinations; general program operations	\$1,700	\$1,800	0.00	0.00
	28 General program operations; medical examining board	\$4,500	\$4,700	0.00	0.00
	Professional regulation SubTotal	\$34,800	\$35,900	0.00	0.00
	Rent Increase SubTotal	\$34,800	\$35,900	0.00	0.00
	Agency Total	\$34,800	\$35,900	0.00	0.00

Decision Item by Fund Source

Department of Regulation and Licensing

Decision Item by Line

	CODES	TITLES
DEPARTMENT	165	Department of Regulation and Licensing
	CODES	TITLES
DECISION ITEM	5002	Medical Examining Board - Investigator

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$5,700	\$5,700
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$2,700	\$2,700
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$8,400	\$8,400
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.13	0.13
20	Unclassified Positions Authorized	0.00	0.00

DIN 5002 NARRATIVE

When the Medical Examining Board appropriation was created in Act 28 there were positions identified by the department using the departments time distribution system that were currently working with the Medical Examining Board professions. The positions that were identified were a mixture of many different FTE. Instead of transferring 9.00 positions a fractionated number was transferred.

Decision Item by Fund Source

Department of Regulation and Licensing

Due to the literal translation in ACT 28 and the resulting fractionation, we currently have a .87 FTE Investigator position that should be 1.00 FTE. This DIN will make the position 100% as it was intended to be.

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	5002	Medical Examining Board - Investigator				
	PR	S	\$8,400	\$8,400	0.13	0.13
	Total		\$8,400	\$8,400	0.13	0.13
Agency Total			\$8,400	\$8,400	0.13	0.13

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5002	Medical Examining Board - Investigator			
01	Professional regulation				
	28 General program operations; medical examining board	\$8,400	\$8,400	0.13	0.13
	Professional regulation SubTotal	\$8,400	\$8,400	0.13	0.13
	Medical Examining Board - Investigator SubTotal	\$8,400	\$8,400	0.13	0.13
	Agency Total	\$8,400	\$8,400	0.13	0.13

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5003	Auditor

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$108,200	\$108,200
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$108,200	\$108,200
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5003 NARRATIVE

Address the need to increase the Department of Regulation and Licensing's audit component to better protect the health, safety and welfare of the public.

DIN 5003 ISSUE PAPER
DEPARTMENT OF REGULATION & LICENSING

2011–13 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUE

Address the need to increase the Department of Regulation and Licensing's audit component to better protect the health, safety and welfare of the public.

II. REQUEST

Hire a contractor to provide the auditing services at an estimated \$90 per hour plus travel expenses. See table in the Alternatives Section for further detail.

	2011-12	2012-13	Total
Salary			
LTE			
Fringe			
Supplies and Services	\$108,225	\$108,225	\$216,450
Totals	\$108,225	\$108,225	\$216,450
New FTE			

III. BENEFITS

The authorization for this contractor will greatly benefit the public and consumers by providing the department with the ability to double the number of financial audits that are conducted within a year. The need for these additional services is evident based on the number of financial audits that could be conducted if the staff existed to perform them. The absence of a second auditor means that only a small percentage of trust accounts in the real estate, auctioneer and cemetery authority areas will be audited

and the uncertainty of the number of mishandled trusts will persist with the department only reacting after damage has been done.

IV. BACKGROUND

Audits of financial records by regulatory authorities that are now attached to the Department of Regulation and Licensing date back to 1959 when the Legislature passed a law which led to the auditing of real estate trust accounts. Wisconsin was one of the first states to enact regulations in this area, and other states followed later. The creation of a real estate audit program was prompted by real estate licensees commingling funds involving real estate transactions. The lack of regulation has led to financial losses to the public.

In the early 1990s the Auctioneer Board was created to regulate auctioneers and auction companies, and the board was attached to the Department of Regulation and Licensing. Since auctions involved money transfers and the need for accounting, the law provided for the auditing of financial records of auctioneers and auction companies by Department of Regulation and Licensing staff. Audits of these financial accounts started in 1993 and continue today.

Laws that govern cemeteries and funerals lead to the Department of Regulation and Licensing staff to become involved in a third area of audits beginning in the early 1990s because financial transactions were involved, particularly in the area of preneed trust funds. Audits of cemetery and preneed trust funds by Department of Regulation and Licensing staff began in 1993 and continue to the present time. Laws for each of the licensed groups permit the department to conduct audits.

The purpose of conducting audits is to:

- Protect the public by ensuring the proper handling of monies held by licensees on behalf of others.

- Ensure efficient and uncomplicated recordkeeping by requiring licensees to meet fundamental accounting standards.
- Put licensees on notice that their records will be examined and thus serve as a deterrent from violations of account records.
- Ensure compliance with provisions of the law.

At the present time 1.00 FTE is the authorized auditor staff level in the Department's Division of Enforcement. This is an inadequate staffing level and prevents the department from effectively protecting the public because of the limited number of audits that can be performed by 1.00 FTE auditor.

A chart follows that shows the number of persons or entities with active credentials (licenses) relating to areas that could be the subject of audits:

*data is current as of July 16, 2008. Data is not included for FY 2009-10 due to an extended auditor illness and retirement.

PROFESSION OR OCCUPATION	IN STATE ACTIVE	OUT OF STATE ACTIVE	TOTAL ACTIVE
Auctioneer	635	208	843
Auction Company	123	61	184
Real Estate Broker	12,707	1,183	13,890
Cemetery Authority	109	1	110
Cemetery Preneed Seller	177	2	179
Totals	13,751	1,455	15,206

Although the number of active credential holders is large, it is not anticipated that all of those trust accounts need to be regularly audited because many of the licensees may hold an active license but not be actively practicing. Criteria can be developed that better identifies the likelihood that an audit should be conducted. However, even if it is assumed that only a small percentage of the accounts in question should be audited, it cannot be realistically done without the assistance of at least a second auditor.

Data on audits conducted over the past six calendar years by the only auditor in the Department's Division of Enforcement follows:

YEAR	AUCTIONEER RELATED AUDITS	CEMETERY RELATED AUDITS	REAL ESTATE RELATED AUDITS	ANNUAL AUDIT TOTALS
2002	9	1	152	162
2003	18	3	149	170
2004	15	4	187	206
2005	9	3	160	172
2006	15	18	126	159
2007	8	4	178	190
Annual ave.	12.33	5.50	158.67	176.50

V. ANALYSIS OF NEED

It is assumed that two auditors and improved efficiencies would enable the department to audit at least double the number of audits that one auditor could perform in a year. The average number of auctioneer audits in the last two calendar years was 12.5; cemetery audits was 11; and real estate audits was 152. Thus, it is assumed that this would mean there would be 25 auctioneer related audits conducted in a year; 22 cemetery or pre-need related audits; and 304 real estate related audits, for a total of 351 audits a year. Improved efficiencies by having two people rather than just one performing the audits might enable the department to increase the number of audits in a year to from 351 to 420. This would consist of 30 auctioneer; 40 cemetery and 350 real estate audits. Unfortunately, that would still be but a small percentage of the entire number of accounts that could be audited (dependent on the criteria that was developed to determine the number to be audited) on a routine cycle.

In addition to conducting audits in each of the regulatory groups, the auditor is assigned to pending complaints in which audits need to be conducted or have already been conducted. With only 1.00 FTE position the department is unable to conduct audits if the remaining auditor is incapacitated or is otherwise unable to perform the audit function. This puts the department in a very poor position. That very situation has occurred and it means that time passes unnecessarily before there is anybody to conduct an audit. Not being able to quickly audit a trust account could become a serious problem because substantial sums could be inappropriately diverted before it becomes known and can be stopped, which is what prompted the creation of the audit program close to 50 years ago.

To conduct a realistic audit program on a regular and recurring basis would require a substantial increase in audit staff. That does not seem plausible in the current economic state. However, having a second auditor and doubling the number of audits conducted in a year will help ensure the public that licensees are maintaining trust accounts in an appropriate manner and that funds placed in the accounts for the

benefit of the public are not misappropriated.

Calculation of contractor hours needed:

TYPE OF AUDIT	AVERAGE ON SITE AUDIT	AVERAGE PRE AND POST ON-SITE AUDIT WORK	TOTAL AVERAGE AUDIT TIME
Real estate audit	4 hours	1 hour pre-audit and 1 hour post audit	6 hours
Auctioneer	4 hours	1 hour pre-audit and 1 hour post audit	6 hours
Cemetery and pre- need*	12 hours	1 hour pre-audit and 4 hours post audit	17 hours

*Cemetery audits require additional time because the auditor must verify the source document, which is the sales contract, at the cemetery, then determine the amount to be deposited into the cemetery care fund. The amount is divided into 15% for grave space, 25% for mausoleum space and 40% for preneed merchandise. Often the sales contract can include items to be trusted at 15%, some at 25% and some at 40% without specifics and this requires the auditor to review other documents to determine if the percentages have been correctly apportioned. Calculating the amount due the care fund is further complicated when the cemetery allows the purchaser to pay in installments because the amounts to be apportioned to grave space, mausoleum space or for preneed merchandise may not be included in the documents and the auditor must make a reasonable apportionment as a part of the review process.

It is assumed that the average cost per hour to complete an audit would be \$90. That figure is based on information gathered on billing rates in the Madison area of a firm that conducts audits. That figure assumes that it would be a staff member of the consulting firm's audit staff conducting the audit rather than a manager, supervisor or partner of the firm.

It is assumed that the contracting audit firm or auditor would conduct one-half of the annual audits, or 20 cemetery audits a year; 15 auction or auctioneer related audits; and 175 real estate audits.

It is assumed, based on the mileage driven by the current auditor in 2007, that the contracting audit firm or auditor will travel approximately 13,000 miles a year to conduct the field audits. It is further assumed that the outside firm or auditor will charge \$.585 a mile for travel, or \$7,605 a year for mileage.

It is assumed that the contracting audit firm or auditor will charge ½ the standard hourly billing rate, or \$45 per hour for travel time. It is further assumed that there would be 260 hours of travel time a year (13,000 miles a year at 50 mph=260 hours), or \$11,700 a year.

The projected costs for hiring an outside firm to conduct audits follows:

AUDIT TYPE	ANNUAL NO. OF AUDITS	NO. HRS. EACH AUDIT	TOTAL HOURS	HOURLY RATE	TOTAL COST FY 11-12	TOTAL COST FY 12-13	TOTAL BIENNIAL COSTS
Cemetery	20	17	340	90	30,600	30,600	61,200
Auction	15	6	48	90	4,320	4,320	8,640
Real Estate	175	6	600	90	54,000	54,000	108,000
Audit costs					88,920	88,920	177,840
Mileage costs					7,605	7,605	15,210
Travel time costs					11,700	11,700	23,400
Total costs					108,225	108,225	216,450

VI. ALTERNATIVES

An alternative to adding a contract auditor would be to hire a permanent FTE auditor.

VII. STATUTORY LANGUAGE

N/A

VIII. INTERNAL AND EXTERNAL IMPACT

The addition of contracted auditors to the department's audit staff would significantly strengthen the audit program and give the public much greater security than exists with the present staffing level.

IX. FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

X. COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	5003	Auditor				
	PR	S	\$108,200	\$108,200	0.00	0.00
	Total		\$108,200	\$108,200	0.00	0.00
Agency Total			\$108,200	\$108,200	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5003	Auditor			
01	Professional regulation				
	21 General program operations	\$108,200	\$108,200	0.00	0.00
	Professional regulation SubTotal	\$108,200	\$108,200	0.00	0.00
	Auditor SubTotal	\$108,200	\$108,200	0.00	0.00
	Agency Total	\$108,200	\$108,200	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5004	Appropriation 124 Re-estimate

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$650,000	\$650,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$650,000	\$650,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5004 NARRATIVE

Appropriation 124 re-estimate.

DIN 5004 ISSUE PAPER

DEPARTMENT OF REGULATION AND LICENSING

2011 - 2013 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUE

Re-estimate spending authority in appropriation 124 (Examinations).

II. REQUEST

	2011-12	2012-13	Total
Salary			
LTE			
Fringe			
Supplies and Services	650,000	650,000	1,300,000
Permanent Property			
Totals			
New FTE			

III. BENEFITS

An increase in spending authority will make the last quarter of each fiscal year a much simpler process. Current practice forces the department to make a projection for increased spending authority several months before close-out and if the estimate is too low, it requires a second AP document. The re-estimate will save work time for the agencies Accountant and Budget Director.

IV. BACKGROUND

Spending authority has not been re-estimated for several biennial budgets in this continuing appropriation. Each of the last five years the department has done large AP WiSMART documents to finish the fiscal year. Increased use of exam vendors and increased vendor prices have accounted for the needed increase in authority.

V. ANALYSIS OF NEED

The DRL has several contracts with examination service vendors. The vendors provide scheduling, administration, and score verifications for examinations for licensure in Wisconsin. The total fees are collected by the vendors. For each applicant a certain amount is retained by the vendor for services they have provided. The State Controller's Office has directed the DRL to record into WISMART any fees collected by a contracted vendor even if those fees are retained by the vendor. These fees for services are recorded as revenues and expenditures in the examinations appropriation.

VI ALTERNATIVES

Maintain the current agency budgeting practices.

VII STATUTORY LANGUAGE

N/A

VIII INTERNAL AND EXTERNAL IMPACT

Timely payment of all invoices and a more efficient closing each fiscal year. It would assist DRL in managing this appropriation better without the unnecessary additional work.

IX FUNDING

Funding will be provided with program revenue received from examination vendors and from the fees of the professionals we provide examinations to and regulate.

X COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5004	Appropriation 124 Re-estimate				
	PR	S	\$650,000	\$650,000	0.00	0.00
	Total		\$650,000	\$650,000	0.00	0.00
Agency Total			\$650,000	\$650,000	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5004	Appropriation 124 Re-estimate			
01	Professional regulation				
	24 Examinations; general program operations	\$650,000	\$650,000	0.00	0.00
	Professional regulation SubTotal	\$650,000	\$650,000	0.00	0.00
	Appropriation 124 Re-estimate SubTotal	\$650,000	\$650,000	0.00	0.00
	Agency Total	\$650,000	\$650,000	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5005	Real Estate Appraisal Review

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$74,900	\$74,900
05	Fringe Benefits	\$5,700	\$5,700
06	Supplies and Services	\$1,500	\$1,500
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$82,100	\$82,100
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5005 NARRATIVE

Address the need to handle complaints involving real estate appraisers within one year as mandated by the Federal government.

DIN 5005 ISSUE PAPER

DEPARTMENT OF REGULATION AND LICENSING

2011-13 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUE

Address the need to handle complaints involving real estate appraisers within one year as mandated by the Federal government.

II. REQUEST

Option 1: 1.00 Limited Term Employment (LTE) Appraiser (2,080 hours).

	2011-12	2012-13	Total
Salary			
LTE	\$74,880	\$74,880	\$149,760
Fringe	\$5,700	\$5,700	\$11,400
Supplies and Services	\$1,500	\$1,500	\$3,000
Totals	\$82,080	\$82,080	\$164,160
New FTE			

Option 2: Instead of using state employees, contractors would be hired at \$250 per review (8 hrs. per review) to provide appraisal review services.

	2011-12	2012-13	Total
Salary			

LTE			
Fringe			
Supplies and Services	\$65,000	\$65,000	\$130,000
Totals	\$65,000	\$65,000	\$130,000
New FTE			

III. BENEFITS

Authorization to create and fill this void will better enable the Department of Regulation and Licensing (DRL) and Real Estate Appraisers Board to meet a Federal mandate for handling complaints involving real estate appraisers licensed to practice in Wisconsin within one year from when the complaints are received until they are concluded. Having an appraiser on staff will free up attorney time that is currently used to (1) screen complaints against appraiser licensees; and (2) find appraiser contractors to review appraisals that are the subject of complaints. The appraiser will also be able to provide valuable insight to prosecuting attorneys as they evaluate appraiser complaints and prepare for hearings involving appraisals. Finally, the appraiser will be able to maintain the quarterly complaint logs that Wisconsin is now required to submit to the Appraisal Subcommittee. In most states, but not in Wisconsin, the investigators working for the state regulatory authority charged with enforcing appraisal rules have significant training as appraisers. Having an appraiser as part of the enforcement team will bring Wisconsin into line with the majority of other states and would improve both the efficiency and quality of the enforcement process.

IV. BACKGROUND

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) was created pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI) to ensure protection of the public following the savings and loan scandals of the 1980s. The ASC oversees the process of real estate appraisals as it relates to federally related transactions. Title XI and other Federal statutes require the use of State certified or licensed appraisers in connection with the appraisal of any federally related transactions and certain other real estate-related financial transactions. The ASC consists of six members from different agencies of the federal government, including, for example, the U. S. Department of Housing and Urban Development (HUD); Federal Deposit Insurance Corporation (FDIC); and Board of Governors of the Federal Reserve System.

Title XI and ASC Policy Statement 10 require that complaints involving real estate appraisers be investigated and resolved in a timely manner and that, absent special documented circumstances, final state administrative decisions regarding complaints should occur within one year of the complaint filing date.

To ensure compliance with Policy Statement 10, the ASC conducts field audits in states. On October 18 - 19, 2006 ASC staff conducted a field audit in Wisconsin. As a result of the audit the ASC concluded that Wisconsin was found to be out of compliance with Title XI and ASC Policy Statement 10. The State was ordered to develop and implement a plan to eliminate the backlog of outstanding complaints and to ensure that new complaints are investigated and resolved in a timely manner consistent with ASC Policy Statement 10. Wisconsin submitted its plan to address the non-compliance with Policy Statement 10 in a timely manner. Following a field audit of Wisconsin's real estate appraiser regulatory program on October 16 and 17, 2007, ASC Chairman Gibbs informed Secretary Jackson that Wisconsin's real estate appraiser regulatory program appeared to be in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and that no issues were found during the field audit.

However, following a field audit of Wisconsin's appraiser regulatory program on November 9-11, 2009, the ASC determined that Wisconsin was again not in substantial compliance with Title XI and identified the concern that "Wisconsin should resolve complaints within one year, except for special documented circumstances." The ASC commented, "Wisconsin was cited for not resolving complaints in a timely manner in the 1993, 1997, 2004 and 2006 Reviews. Because of this longstanding concern, after the 2006 Review, Wisconsin was placed on an accelerated, one-year Review cycle. Based on the Review Findings from the 2007 Review, Wisconsin had improved their complaint resolution timeliness and was moved back to a two-year Review cycle. However, a Follow-up Review will be conducted in early 2011 to evaluate Wisconsin's progress."

Although Wisconsin was able to comply with Title XI during the period covered by the 2007 Review, that compliance was achieved only by devoting staffing resources to the handling of real estate appraiser complaints as a top priority. As a result, although the state met the mandates of Policy Statement 10, the processing of complaints for other regulatory authorities suffered because staff was diverted to address the audit mandate. This was a temporary measure that could not continue because it prevented the Department staff from working on complaints for other regulatory authorities and completing them in a timely manner. As seen by the results of the 2009 Review, Wisconsin was not able to comply with Title XI with its then-current staff resources, even though appraiser complaints remained a priority. The 2009 ASC Compliance Review Report also imposed a new requirement that will take additional staff time to comply with: "Wisconsin must submit quarterly complaint logs to the ASC. ASC Staff will analyze each log. If progress is not being made, the ASC may impose additional reporting and/or data collection requirements."

To continue to handle real estate appraiser complaints as a priority to meet the Federal mandates of completing the cases within one year from receipt without jeopardizing the handling of complaints for other regulatory authorities will require additional staffing. This is particularly true since the number of complaints received involving persons holding credentials issued by the Real Estate Appraisers Board has increased significantly since 2004. The data is as follows:

Year	No. of Complaints Received
2000	21

2001	38
2002	58
2003	42
2004	68
2005	106
2006	140
2007	152
2008	127
2009	101
1/1/2010-7/12/2010	40

This increase is largely due to a change in the federal law that mandated additional educational requirements to be met if credential holders wanted to be permitted to conduct appraisals on certain properties.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173), which creates state registration requirements for appraisal management companies, with the exception of those owned and controlled by federally regulated financial institutions. This will create additional licensees, which may lead to more complaints and require additional resources to address those complaints.

V. ANALYSIS OF NEED

A higher percent of the complaints involving real estate appraisers are concluded with formal disciplinary action taken than is the case with other regulatory authorities. The number of real estate appraiser complaints closed with formal disciplinary action is as follows:

YEAR RECIEVED	No. of Formal Actions Taken
2000	5
2001	13
2002	12
2003	9
2004	35
2005	57
2006	82
2007	81
2008	63
2009	16
2010	1

(1 2006, 10 2007, 16 2008 and 44 2009 complaints that were received on or before October 13, 2009 – and thus will be more than one year old during the ASC review in October 2010 – are still awaiting resolution; many of these will likely be closed with formal disciplinary action taken.)

The position will help the department meet the one year Federal mandate for handling real estate appraiser complaints and still perform the work in a timely manner for all of the other regulatory authorities. The individual will work closely with the DRL attorneys who pursue the disciplinary actions against real estate appraisers and permit the attorneys to move more cases and to do so quicker.

Failure to meet the one year mandate for handling complaints against real estate appraisers could lead to the Federal government sanctioning Wisconsin. The ASC has threatened to take such action against the State in the past. The sanctions could have a serious adverse affect on Wisconsin real estate appraiser licensees because the Federal government could, subject to judicial review, remove the names of a state's licensed and certified appraisers from the federal registry. This would mean that the appraisers could not appraise certain properties.

VI. ALTERNATIVES

The only alternative to having the additional LTE or contractor is to divert additional DRL enforcement resources from other regulatory authorities to the handling of real estate appraiser complaints. This would have an adverse impact on the ability of the Department staff to handle complaints in a timely manner for other professions or boards. Furthermore, DRL does not currently have any staff member with the appraisal expertise required to efficiently screen and process appraisal complaints.

VII. STATUTORY LANGUAGE

N/A

VIII. INTERNAL AND EXTERNAL IMPACT

Meeting the federal one year mandate for handling complaints against real estate appraisers will mean that the State will face no sanctions from the Federal government.

IX. FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

X. COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	5005	Real Estate Appraisal Review				
	PR	S	\$82,100	\$82,100	0.00	0.00
	Total		\$82,100	\$82,100	0.00	0.00
Agency Total			\$82,100	\$82,100	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5005	Real Estate Appraisal Review			
01	Professional regulation				
	21 General program operations	\$82,100	\$82,100	0.00	0.00
	Professional regulation SubTotal	\$82,100	\$82,100	0.00	0.00
	Real Estate Appraisal Review SubTotal	\$82,100	\$82,100	0.00	0.00
	Agency Total	\$82,100	\$82,100	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5006	Expert and Witness Fees

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$94,000	\$94,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$94,000	\$94,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5006 NARRATIVE

A. There is a need to update policies regarding the hiring of expert witnesses to progress with time and achieve the State's mission.

B. In order to adequately reimburse lay witnesses for their time and transportation when testifying at a DOE hearing or in front of a DRL board, legislation amendments must be addressed. In the alternative, if permissible, create a DOE policy to accommodate adequate witness fees to cover witness time and travel.

DIN 5006 ISSUE PAPER

DEPARTMENT of REGULATION and LICENSING

2011-13 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUES

A. There is a need to update policies regarding the hiring of expert witnesses to progress with time and achieve the State's mission.

B. In order to adequately reimburse lay witnesses for their time and transportation when testifying at a DOE hearing or in front of a DRL board, legislation amendments must be addressed. In the alternative, if permissible, create a DOE policy to accommodate adequate witness fees to cover witness time and travel.

II. REQUESTS

A. Request for expert witnesses: Modify the policies related to the hiring of expert witness to clearly state the procedure for hiring expert witnesses. Additionally, include within the text of policy the maximum experts will be paid without additional approval, as outlined in the current policy. Create a DOE policy that establishes an increase in the standard expert witness hourly rate cap from the current \$75 to a rate of \$300 - \$400 for medical doctors, depending on their expertise, and \$100 for all other professions.

B. Request for lay witnesses: Propose legislative action that would increase the pay rate for lay witnesses from the current statutorily required \$5/day and .20 cents/mile to a rate comparable to the circuit court witness fees and IRS mileage reimbursement rates of \$16/day and .50 cents/mile.

	2011-12	2012-13	Total
Salary			
LTE			
Fringe			
Supplies and Services	\$94,000	\$94,000	\$188,000
Totals	\$94,000	\$94,000	\$188,000
New FTE			

III. BENEFITS

A. Benefits for expert witnesses: In order to better accommodate the more specialized experts that are necessary for cases handled by the Division of Enforcement, the policy capping the hourly rate at \$75 needs to be updated. (See Enclosure 6.) The policy also needs to be updated to accommodate the variety of professions that the Division of Enforcement regulates. A higher rate would allow for prosecuting attorneys to conditionally hire experts at a rate below the maximum set out, contingent on memo approval by the attorney supervisor, division administrator, and either the Deputy Secretary or Secretary through the procedure currently outlined in the policy. Raising the hourly rate would limit the delay in negotiations between experts and the prosecuting attorney because the higher rate would accommodate the fees of the majority of experts that would be hired by the division. Raising the hourly rate would also put DOE in closer proximity to the hourly rate expected for some professions; for example physicians at University of Wisconsin who expect to be paid \$500+ an hour for their time. (See enclosure 8.) The higher rate is more reasonable for the time and expertise of the expert witnesses hired by DOE; therefore, the increased hourly rate will reduce the unwillingness to assist in cases that prosecuting attorneys currently encounter.

B. Benefits for lay witnesses: The benefits of adequately compensating lay witnesses for their time and efforts are:

1. Compensating witnesses adequately would make helping the State 'worth' the witnesses' time and effort.
2. By making the witnesses' efforts worthwhile, it makes it more likely that witnesses

will be willing to assist in future cases.

3. Witness willingness to assist in cases will lead to more reports of professional misconduct, which in turn will lead to the accomplishment of the State's mission to protect the health, safety, and welfare of the public. The reports of professional misconduct or witnesses coming forth with information in cases will lead to licensee's being held accountable for misconduct and justice will be obtained for victims and the public.

IV. BACKGROUND

A. For at least the past thirty years, the hourly rate for expert witnesses has been capped at seventy-five dollars (\$75) without additional approval. The current Division of Enforcement policy was put into effect in February of 2005; the policy outlines the procedure for the drafting and submission of memos to hire any expert witnesses to be approved by attorney supervisor, division administrator, and either the Deputy Secretary or Secretary. (See Enclosure 6.) The memo is to include the circumstances of the case, the name of the expert witness, his or her credentials, and why an expert is necessary for the case. If the prosecuting attorney sees fit to pay the expert witness a higher hourly rate than the \$75 he or she must also include within the memo justifications for the requested higher hourly rate. A memo requesting the hiring of an expert for cases, regardless of hourly rate to be paid, must be submitted and subsequently approved by the attorney supervisor, division administrator, and either the Deputy Secretary or Secretary prior to the contract outlining the terms of the hire being drafted and sent out. The \$75 dollar cap and 2005 policy were implemented for the purpose of creating a standardized system for the hiring of expert witnesses within DOE.

In addition to the hourly fee paid to experts, within the expert contract there are provisions for additional expenses that will be covered by the division. (See enclosure 7.) The expenses are as follows:

In State:

- \$0.485 per mile for travel by automobile
- \$8.00 for breakfast, provided the contractor leaves home before 6:00 a.m.
- \$9.00 for lunch, provided the contractor leaves before 10:30 a.m. and returns after 2:30 p.m.
- \$17.00 for dinner, provided the contractor arrives home after 7:00 p.m.
- \$70.00 for lodging, including sales tax.

Out-of-State:

Current rates for out-of-state expenses are obtainable upon request from the Department.

B. Per State statute, lay witnesses are currently paid for their participation in legal proceedings before a municipal judge, an arbitrator, or any officer, board or committee at a rate of \$5/day. Lay witnesses who participate in legal proceedings before a circuit court, the court of appeals or Supreme Court are compensated at a rate of \$16/day. Additionally, all lay witnesses are compensated for their transportation at a rate of 20 cents/mile. [Wis. Stat. § 814.67] (See enclosure 1.)

Wis. Stat. § 20.916 permits the payment for traveling expenses for State employees. (See enclosure 2.) The expenses include mileage reimbursement, food, and lodging (when appropriate).

V. ANALYSIS OF NEED

A. For expert witnesses: It is assumed that the proposed rates will accommodate most expert witnesses, and therefore there will be less need to make exceptions to the policy.

The current policy which caps the hourly rate for expert witnesses without prior approval at \$75 has not been updated for at least thirty years. In order to accommodate the current professions regulated by the department and bring the policy up-to-date, the hourly rate needs to be increased. Just as minimum wage and cost of living have progressed and increased within the past thirty years, so must the rate paid to expert witnesses needed in cases within the Division of Enforcement.

Increasing the hourly rate paid to expert witnesses will decrease the number of exceptions that need to be made. By decreasing the need for exceptions, prosecuting attorneys will be able to more confidently negotiate the expert fees with the expert, within the policy allowance, and use their discretion to conditionally hire experts. The hire of the expert will be conditional on the supervising attorney's approval through the memo writing procedure outlined in the policy. Updating the policy to include within its text the maximum hourly rate will simplify the process of obtaining experts since the maximum will be clearly defined on the face of the policy.

By increasing the hourly rate and updating the current policy the intent of the 2005 policy to create a standardized procedure for hiring expert witnesses will better be accomplished. Because all of the information will be stated within the policy there will be no question as to what the procedure for hiring expert witnesses is; also, with all of the information stated within the policy the hourly rate will be clearly established and documented.

The policy set out is not intended to be stagnant and should be reviewed and, if necessary, updated on a

biannual basis. The review will ensure that policies are current and are progressing to accommodate new technologies, procedures, and the needs of DOE.

B. For lay witnesses: The centralized location and set up of DOE hearings and board meetings require that witnesses travel to Madison to testify. To accommodate the demand for the witness to rearrange his or her schedule (i.e. inconvenience him or herself and make the trip to Madison) adequate provisions need to be made. The first provision that needs to be made is to pay a higher rate per mile that would cover the cost of fuel that the witness is using to travel to the hearing or board meeting. The second provision that needs to be made is to increase the daily amount to be paid to lay witnesses to at least \$16 with the agency determining the actual amount based on the circumstances of the case and testimony. Lastly, the agency should grant the same courtesies afforded to expert witnesses, in regard to food and lodging, to lay witnesses who may have to travel distances equal to, or perhaps further than, the expert witnesses in hearings. The implementation of a fee schedule similar to that outlined in the expert witness contract would suffice as adequate compensation for the efforts of a lay witness (time and transportation to include travel, meals, and if necessary lodging as defined within the contract for expert witnesses).

i. The mileage rate needs to be increased so that it corresponds with national trends that reimburse mileage at a rate more than double what Wisconsin lay witnesses are paid. The 2010 IRS rate per mile for business purposes is 50 cents, two and a half times more than the statutory 20 cents/mile paid to lay witnesses. (See enclosure 3.) Additionally, the Wisconsin DOA reimbursement rate (See enclosure 4), which went into effect July 1, 2008, is 48.5 cents/mile, nearly two and half times more than the current lay witness mileage rate. (See enclosure 1.) The DOA reimburses at the 48.5 cents/mile rate to various individuals, including expert witnesses. With the increase price of gasoline and the established national and state trends of reimbursing for mileage at a rate of nearly two and half times more than what is currently paid for lay witness travel, a policy change is called for. A proposal for legislative action to change the cost per mile rate would create the most wide spread impact, effecting more than DRL/DOE and would create a state wide standardized increase to the mileage rate for lay witnesses. In the alternative, we should determine if an agency, through administrative action, is allowed to supplement the statute. Supplemental action would allow DRL/DOE to create an internal policy to reimburse lay witnesses' mileage at a higher rate resembling the current mileage rate paid nationally and to expert witnesses for DOE hearings.

ii. All hearings are in Madison at DRL. Therefore, unless the lay witness is from Madison or the immediate surrounding area the witness will have to take off part of or an entire day of work, or change their schedule to accommodate the time to travel to Madison, testify, and travel back from Madison. Expecting witnesses to alter their schedules and make the trip to and from Madison to testify for only \$5/day plus 20 cents/mile is unreasonable and calls for a change in policy.

When compared to the compensation that witnesses in circuit court and jurors receive (see enclosures 1 and 5), the \$5/day for lay witnesses proves to be inadequate compensation for witnesses who testify in DOE hearings or Board meetings. Unlike jurors who are called to jury duty or witnesses subpoenaed to circuit court in particular cities/counties, witnesses for hearings for the Division of Enforcement are expected to make the trip to Madison, regardless of where the event occurred, to testify. Jurors are pulled from within a county to serve on jury panels within the county and witnesses in circuit courts are subpoenaed to testify in the district court handling cases and

controversies generally originating from within the district. Neither the jurors' duties nor the inconveniences sustained by circuit court witnesses are as demanding as what is required for a witness testifying at DRL, yet both jurors and witnesses for circuit court are compensated at a rate of at least three times more than lay witnesses testifying in front of the board or at hearing for DOE.

When witnesses are subpoenaed to testify in legal proceedings they are legally required to testify at or for the proceeding (by deposition); however, as the policy stands now, paying \$5/day and 20 cents/mile, the likelihood that witnesses will fail to appear or come up with an excuse (any excuse), to avoid having to make the adjustments to schedule to travel to testify in Madison, is high. The compensation for their assistance and testimony does little to compensate witnesses for their time, inconvenience, and travel expenses.

The inadequate compensation currently provided to witnesses in DOE cases fosters a reluctance to testify and may, if not already, prevent witnesses from coming forward with information about cases. Also, it encourages witnesses to underestimate the value of their testimony or withhold important facts and information, in an attempt to avoid having to lose a day's worth of time and pay to travel to Madison. The resulting non-disclosure of all of the information a potential witness may have will prevent DOE from bringing the best case against respondents and may ultimately result in a licensee not being disciplined for professional misconduct due to insufficient evidence. Increasing the rate to at least \$16/day, like witnesses in circuit court and jurors are already paid (See enclosures 1 and 5), would make it more beneficial for witnesses to come forward with information about possible misconduct.

- iii. The implementation of a fee schedule similar to that outlined in the expert witness contract, which includes the higher mileage rate described in (i), above, would suffice as adequate compensation for a lay witness's efforts (travel expenses to include transportation, meals, and if necessary lodging as defined within the contract for expert witnesses.)

The increased cost per mile of reimbursement, the increased compensation of at least \$16/day and the inclusion of terms similar to those included in the expert witness contract is not to coerce witnesses but, instead, is intended to give witnesses an incentive to come forward with all information about cases. Witnesses coming forward with any information they have, would ensure that licensee's are disciplined when necessary and that false-claims of misconduct are quickly quashed in order to prevent any disturbance in a licensee's career and life. This will ultimately assist in the fulfillment of the State's mission to protect the health, safety, and welfare of the public.

VI ALTERNATIVES

If the request to update the policy and increase the hourly rate is denied, then the Division of Enforcement will maintain the status quo. The status quo would result in the unclear and outdated policy to remain in effect and would fail to allow the division to progress along with the cost of living increases and meet societal demands.

VII STATUTORY LANGUAGE

A. Expert Witnesses: There is no statute that needs to be created, amended, or revoked to implement the policy change recommended for expert witness fees set forth above.

B. Lay Witnesses: A proposed amendment to Wis. Stat. § 814.67 would need to be made in order to put the proposed change for lay witnesses fees into effect state wide; this amendment would borrow the text from Wis.Stat. §§ 756.25 and 20.916. (Enclosures 2 and 5.) The language used in § 756.25 would be modified as follows:

Every lay witness summoned shall receive an amount, not less than \$16, as fixed by the agency for each day of attendance, and an amount equal to the mileage rate set under § 20.916 for each mile traveled each day in going and returning by the most usual route.

However, if permissible, an administrative policy within the Department would suffice to better compensate lay witnesses for their time and transportation for DOE hearings and board meetings. The administrative policy would include the minimum \$16/day fee along with the terms that are part of the expert witness contract. The inclusion of these terms would statutorily be allowed under Wis. Stat. § 20.916(9). The terms would be as follows:

\$0.485 per mile for travel by automobile
\$8.00 for breakfast, provided the witness leaves home before 6:00 a.m.
\$9.00 for lunch, provided the witness leaves before 10:30 a.m. and returns after 2:30 p.m.
\$17.00 for dinner, provided the witness arrives home after 7:00 p.m.
\$70.00 for lodging, including sales tax.

VIII INTERNAL AND EXTERNAL IMPACT

The agency will have access and an improved success rate in enticing highly regarded experts which will in turn have an impact on the overall success rates in formal trials. Witnesses will be more apt to travel and to play a role in cases if they are compensated at a rate equal to that of other governmental

agencies.

IX FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

X COMPANION REQUESTS

N/A

Enclosure 1- Wis. Stat. § 814.67 (Lay Witness Fees)

Enclosure 2- Wis. Stat. § 20.916 (Employee Fees)

Enclosure 3- IRS mileage rate

Enclosure 4- DOA mileage rate

Enclosure 5- Wis. Stat. § 756.25 (Jury Fees)

Enclosure 6- DOE Policy for Hiring Expert Witnesses

Enclosure 7- Expert Witness Contract

Enclosure 8- UW fee schedule

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5006	Expert and Witness Fees				
	PR	S	\$94,000	\$94,000	0.00	0.00
	Total		\$94,000	\$94,000	0.00	0.00
Agency Total			\$94,000	\$94,000	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5006	Expert and Witness Fees			
01	Professional regulation				
	21 General program operations	\$2,100	\$2,100	0.00	0.00
	28 General program operations; medical examining board	\$91,900	\$91,900	0.00	0.00
	Professional regulation SubTotal	\$94,000	\$94,000	0.00	0.00
	Expert and Witness Fees SubTotal	\$94,000	\$94,000	0.00	0.00
	Agency Total	\$94,000	\$94,000	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5007	Inspections

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$67,600	\$67,600
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$67,600	\$67,600
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5007 NARRATIVE

Address the need to enforce the Department of Regulation and Licensing's inspection component to better protect the health, safety and welfare of the public as required by Wisconsin Statute and Administrative Code.

DIN 5007 ISSUE PAPER

DEPARTMENT OF REGULATION AND LICENSING

2011-2013 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUE

Address the need to enforce the Department of Regulation and Licensing's inspection component to better protect the health, safety and welfare of the public as required by Wisconsin Statute and Administrative Code.

II. REQUEST

Contract with a private entity to conduct inspections and utilize technology by purchasing "Toughbook" computers and printers to issue citations and complete paperwork on site. An estimated cost of \$200 per inspection was used for the purposes of this paper. This fee would include travel to and from inspection sites, conducting each inspection, taking enforcement action when needed, and submitting reports on each inspection. In situations where disciplinary action is taken and the person or entity is being disciplined, the contractor would have to appear at any hearings that were held on the matter. The fee would also include any costs related to travel including but not limited to mileage, meals, and lodging when needed.

The table estimates the costs if the number of inspections was tripled using the average number of inspections completed during 2008 & 2009.

	2011-12	2012-13	Total
Salary			
LTE			
Fringe			
Supplies and Services			

676 Inspections	\$135,200	\$135,200	\$270,400
4 Toughbooks	\$14,000	\$14,000	\$28,000
Service charge	\$2,400	\$2,400	\$4,800
4 Printers	\$800	\$800	\$1,600
Totals	\$152,400	\$152,400	\$304,800
New FTE			

II. BENEFITS

Authorization to hire contractors will enable the Department of Regulation and Licensing to meet the inspection requirements mandated by Wisconsin Statutes and Administrative Code for pharmacies, drug distributors, drug manufacturers, barbering and cosmetology, aesthetics, electrology, manicuring and funeral establishments.

Having portable computers for use in the field would speed up the inspection process as the inspectors would not have to carry multiple forms with them. Completing forms on the computer would also speed up the process in that the forms could be instantly loaded into our database. Citations, investigation findings and compliance orders could be given to the licensee immediately. This would mean the inspectors would not have to make trips to the office to deliver paperwork. New inspections could be queried using the computer. The administrative codes and statutes could also be loaded on the computer for use in the field.

III. BACKGROUND

The following laws identify inspection requirements that are enforced by the department or regulatory authorities attached to it. The inspections are performed by Consumer Protection Investigators in the department's Division of Enforcement, and the inspections are only a portion of the duties of the investigators.

Pharmacy Examining Board

- Pharmacy locations - Must be inspected and found to meet the licensing requirements before

operating. [Wis. Stat. § 450.06 (2)(b)]

- **Drug Distributors – Must pass an inspection of the facility conducted by the Pharmacy Examining Board or its representative to determine if the location meets standards specified in Phar 13.08 to 13.11, 21 USC 351 and 352 and 21 CFR 211.142(b)(1991). [Wis. Admin. Code § Phar 13.05(2)]**

- **Drug Manufacturers - Before a license is granted, an inspection of the establishment shall be conducted by the Pharmacy Examining Board or its representative to determine if the location meets the standards in 21 USC 351 and 352(1984) and 21 CFR 210 and 211 (1985). [Wis. Admin. Code § Phar 12.04]**

Funeral Directors Examining Board

- **Funeral establishments cannot open for business unless a permit has been obtained from the Funeral Directors Examining Board through application, and the permit may not be granted to an operator of a funeral establishment without an inspection. [Wis. Admin. Code § FD 1.08(1)]**

- **Prior to granting a permit to a licensed funeral establishment following a change in ownership, the Funeral Directors Examining Board shall review the application to determine if an inspection is necessary. [Wis. Admin. Code § FD 1.08(2)]**

Barbering and Cosmetology Examining Board

- **The department shall appoint inspectors under the classified service to inspect licensed establishments. [Wis. Stat. § 454.14 (1)]. Barbering and cosmetology, aesthetics, electrology, and manicuring - Inspections by field representatives or agents of the Barbering and Cosmetology Examining Board may be conducted to assure compliance with Ch. 454. Stat., and Chs. BC 1 to 6. [Wis. Admin. Code sec. BC 3.05 (1)]**

- **Barbering, cosmetology, aesthetics, electrology or manicuring schools - The department shall appoint auditors and inspectors under the classified service to audit and inspect schools and specialty schools.**

[Wis. Stat. § 440.64 (2)]

Over the years, the emphasis on who performs the inspections and when and how often they are performed has changed. For many years inspectors were employed to inspect barber or cosmetology establishments, pharmacies and funeral homes, and these inspections occurred on a regular basis. However, alternatives were considered to the inspection procedures. In late 1979, the inspection function was transferred from bureaus in the department to the Division of Enforcement and the staff performing those inspections was also reassigned to the division. Since the inspection programs were reassigned to the division, inspection procedures were changed over time and a decision was made that routine inspections would not be conducted as they had in the past. Also, the inspector positions were ultimately reclassified to CPI's to address the increasing investigative caseload.

A number of years ago the department and Pharmacy Examining Board developed a procedure for gaining compliance with the laws relating to pharmacies by modifying the pharmacy application forms. The board gave final approval to a self-inspection procedure for pharmacies at an October 3, 1992, meeting. An applicant for a pharmacy license is required to answer a series of questions on the pharmacy license application packet, which includes the pharmacy self-inspection report. Completion of the application form packet and signing of the affidavit will lead to the issuance of a license. Currently, the Division of Enforcement inspects the location after the pharmacy has actually opened and does so within one year from when the information packet is received in the Division of Enforcement. However, this is not very effective because problems are not addressed until the inspection is performed, which can be up to a year later.

In 1999, the department and the Barbering & Cosmetology Examining Board developed a compliance inspection procedure for gaining compliance with the laws relating to establishments. An applicant is required to complete their application packet, which includes a self-inspection form. Completion of the application packet and signing of the affidavit will lead to the issuance of a license. Random inspection of some of the establishments are conducted to enforce the laws and to have enough of a presence in the field that establishments are aware we are doing random inspections to verify compliance with the law. The investigative staff performs those inspections, and the goal is to each quarter complete inspections of 10% of the establishments licensed during the quarter. Because we do not have staff to perform 100% of the statutorily required inspections, we attempted to at least perform a percentage of the inspections by requiring our investigators to complete a portion of the inspections.

Inspections of barbering, cosmetology and specialty schools are not mandated. While the law requires the department to employ persons to inspect them, they have seldom been conducted due to the lack of staffing.

Data on the number of mandated inspections performed in the past two calendar years follows:

CALENDAR YEAR	BARBER AND COSMETOLOGY RELATED	FUNERAL HOME RELATED	PHARMACY RELATED	YEARLY TOTALS
01/01/08 – 12/31/08	50	6	140	196
01/01/09 – 12/31/09	50	5	88	143
TWO YEAR TOTAL:	100	11	228	339

- The “Barber and Cosmetology Related” numbers represent only 10% of the potential inspections.
- Additional inspections were performed related to investigative cases and as part of the Barbering and Cosmetology initiative.

IV. ANALYSIS OF NEED

The current inspection programs do not have staff whose job duties are specifically designated to perform the required establishment inspections. Currently, Consumer Protection Investigators who investigate complaints are performing the inspection function. This severely affects the time investigators have to focus on investigating complaints. Thus, the department’s ability to protect the public’s health, safety and welfare and provide quick resolution on cases is severely impacted.

There is a critical need to address the inspection programs and the lack of the number of inspections being conducted.

At the present time there are numerous complaints of unlicensed practice of barbering and cosmetology and unlicensed barbering and cosmetology establishments being operated. These incidents pose a threat to the health and safety of the public because there is a strong likelihood that the laws are not being followed, including the laws related to health and safety. A more regular approach to inspections or an increase in the number of inspections will reduce the number of incidents involving unlicensed practice because there will be a greater presence of staff in the field. This increased presence will discourage the likelihood that unlicensed persons will practice.

An increase in inspections will serve as an educational tool for establishments and their owners as to what is expected of them because the staff conducting inspections can serve as resource persons and answer questions concerning the licensure laws. Furthermore, an increase in inspections will enable the department to locate and correct establishments that have sanitation problems. Unsanitary conditions in barbering, cosmetology, aesthetics, electrology or

manicuring establishments can become a public health hazard.

Only 10 % of the newly licensed barbering and cosmetology establishments are being inspected, so 90% of those establishments are conducting business without having anything other than a self-inspection conducted. There is no guarantee that the laws are being followed. Indeed when the staff conducts the inspections, problems are found. The problems often found include persons practicing without proper credentials and sanitation violations.

Because of the lack of staffing to accommodate the pharmacy, distributor and manufacturer inspections it can take the division up to 1 year from the date their license was granted to complete the inspection. This permits these credentials holders/establishments to practice with possible violations and any violations are not addressed until we are able to conduct an inspection.

Funeral homes are required to be inspected prior to opening for business. Thus an investigator in the division must stop working on investigations to inspect a funeral home. This affects their ability to work on investigations related to complaints.

Current staffing levels do not permit the department to emphasize the inspection function and this means that the public is not adequately protected. The contractors being requested will be devoted exclusively to conducting inspections.

V. ALTERNATIVES

The only alternative to hiring contractors is to divert enforcement resources from the investigation of complaints. This would have an adverse impact on the ability of the Division of Enforcement staff to handle complaints in a timely manner.

VI. STATUTORY LANGUAGE

N/A

VII. INTERNAL and EXTERNAL IMPACT

Meeting the statutory and administrative code for inspections will mean that we can better protect the public and provide education to credential holders on the requirements of their credentials.

VIII. FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

IX. COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5007	Inspections				
	PR	S	\$67,600	\$67,600	0.00	0.00
	Total		\$67,600	\$67,600	0.00	0.00
Agency Total			\$67,600	\$67,600	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5007	Inspections			
01	Professional regulation				
	21 General program operations	\$67,600	\$67,600	0.00	0.00
	Professional regulation SubTotal	\$67,600	\$67,600	0.00	0.00
	Inspections SubTotal	\$67,600	\$67,600	0.00	0.00
	Agency Total	\$67,600	\$67,600	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5008	DET Rate Increases

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$102,800	\$134,100
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$102,800	\$134,100
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5008 NARRATIVE

The Division of Enterprise Technology (DET) has increased the rates for services which they provide to the Department of Regulation and Licensing (DRL). The cost of doing business with DET is increasing. In addition, DRL is deploying new technology to reduce the costs related to board meetings.

DIN 5008 ISSUE PAPER

DEPARTMENT OF REGULATION AND LICENSING

2011-13 BIENNIAL BUDGETS

ISSUE PAPER

I. ISSUE

The Division of Enterprise Technology (DET) has increased the rates for services which they provide to the Department of Regulation and Licensing (DRL). The cost of doing business with DET is increasing. In addition, DRL is deploying new technology to reduce the costs related to board meetings.

II. REQUEST

To cover the increased DET costs and new technology, DRL anticipates that it will need the dollar amounts listed below to cover technology costs. These cost increases along with new services that DRL plans are vital to the continued operation of the agency and meet the needs of the licensed professionals in the State of Wisconsin. The department of Regulation and Licensing requests spending authority according to the following schedule:

	2011-12	2012-13	Total
Salary			
LTE			
Fringe			
Supplies and Services	\$102,800	\$134,100	\$236,900

Totals	\$102,800	\$134,100	\$236,900
New FTE			

III. BENEFITS

Authorization to purchase the services above will allow DRL to continue to meet the needs of its customers and participate in the State of Wisconsin enterprise wide technology consolidation strategy.

By being involved in the consolidated services provided by DET, DRL enjoys the advantage of technology redundancy, staff redundancy, simple migration paths and current information on technology trends and offerings from the private sector vendors. Many of these services and benefits would be out of the reach for a small agency such as DRL.

Purchasing these services from DET allows DRL to implement changes faster, and migrate services faster. Being part of the enterprise system and utilizing technology architecture that already exists allows our agency to provide these existing technology's much quicker to the end user or customer rather than building, testing, and deploying a new service for just our agency.

IV. BACKGROUND

Prior to 2009 the DRL's technology infrastructure was all in-house. As of 2009 DRL has migrated all of its operational and production servers to the Femrite Data Center to comply with the Accountability, Consolidation, and Efficiency (ACE) Initiative signed by Governor Doyle.

By consolidating servers from DRL to the Data Center, DRL has been obligated to compensate DET for the services they provide. Prior to 2009 DRL managed these services in-house.

As the cost of enterprise wide consolidation increases DET has been forced to pass these costs on to the customers that subscribe to the services supplied by DET.

As part of agency's strategic initiatives, DRL is committed to utilize new technologies that we might have not used in the past. The availability and access to these services provided by DET makes the use of these technologies readily available.

With the rate increase and the addition of services the estimated cost to DRL will increase from \$61,000 in FY'11 to \$164,000 with a difference of \$102,748 and in FY '12 and the rates are forecasted to be \$195,000 with a difference of \$31,294 for FY '13.

Attached, as an addendum, is an Excel Spreadsheet and associated charts that outline these costs. The description of the services, totals, and differences are calculated based on increased rates reflected on DET's published rate sheet.

V. ANALYSIS OF NEED

It is assumed that evolution towards a more complex and costly enterprise architecture solution is inevitable. A more robust consolidated technology environment will improve DRL's efficiencies and will enable the department to provide better customer service, consistency, and customization throughout the electronic infrastructure.

In the paragraphs below DRL will label the following paragraphs in three different categories.

- Currently utilizes and will stay as is but has a DET rate increase.
- Currently utilizes and DRL would like to expand.
- New Services or costs.

Currently utilizes and will stay "as is" but has a rate increase

Email is a vital function of our agency and to the State of Wisconsin electronic communication. Currently we have 270 mailboxes that we are billed on a monthly basis. The cost is approximately \$3.53 per mailbox which equates to approximately \$950.00 a month.

Email in fiscal year 12 will increase by 14% per mailbox causing an increase of funds needed to approximately \$1,090.00 a month.

DRL currently has a co-located agency managed server cabinet at the Femrite Data Center and are currently paying \$600.00 a month for it. This cabinet houses our database servers for our production applications and other business functions.

The rate increase for FY'12 is 50% which translates in an additional \$300.00 per month.

As part of the server consolidation project we migrated all of our physical servers to virtual servers located at the Femrite Center. We are currently paying \$237.00 per server per month. Although we don't anticipate adding any additional servers the DET rate for each server will go up 19% in 2012.

This will increase our monthly cost per server to \$283.00.

Currently utilizes and DRL would like to expand

DRL has been making a large customer oriented impact to the public by sending reminders, informational and digests via email, to our credential holders, utilizing DET's List Serve service. While the cost isn't expected to go up our utilization of these services will. The costs associated with these services run about \$400.00 per month but with the increased utilization DRL expects this to increase to \$460.00 per month in FY '12, and these costs are estimated to increase drastically for FY '13.

We have an internal initiative to reduce the amount of paper associated with board meetings by utilizing the enterprise SharePoint services that are billable rate of \$35.00 per month per site. Currently DRL has nine sites with monthly costs of \$315.00.

DRL anticipates a sharp increase of SharePoint sites by agency boards. This increase could go as high as 55 boards, which would increase this service cost to \$1925.00 per month.

New Services or Costs

DRL is exploring utilizing a service of DET's called Agency Managed Application Services, (AMAS). This service will provide DRL with a better solution to our Oracle database environments that are currently managed entirely by DRL staff. Subscription to this service would allow DET personnel to assist our agency in the event of either a software or hardware failure and coverage during vacation times. Having DET manage the servers would also ensure quick response times to DRL's needs.

Preliminary analysis of adding this service would cost our agency an additional \$4,768.00 per month; this cost is in addition of current monthly obligations to DET.

DET has added three new service items to our yearly rate to help cover increased costs associated with active directory, security, and the enterprise service desk. These costs may not provide DRL with any benefit. These costs are being assessed throughout all state agencies on a weighted basis. DRL's share is \$13,600.00 per year.

VI ALTERNATIVES

The Department of Regulation and Licensing only has three alternatives. And the alternative would not be in the best interest of the State of Wisconsin's or the agency strategic IT goals.

- Do not expand on strategic initiatives.
- Do not add any new services for three years.
- Deconsolidate our infrastructure and bring our servers back to DRL.

VII STATUTORY LANGUAGE

N/A

VIII INTERNAL AND EXTERNAL IMPACT

DRL needs to maintain their IT infrastructure in the best possible way and by the best possible means to continue to provide outstanding service to internal and external customers.

DRL's IT staff will be involved at varying degrees.

DRL renewal fees for current credential holders will need to be increased to cover the costs.

IX FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

X COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5008	DET Rate Increases				
	PR	S	\$102,800	\$134,100	0.00	0.00
	Total		\$102,800	\$134,100	0.00	0.00
Agency Total			\$102,800	\$134,100	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5008	DET Rate Increases			
01	Professional regulation				
	21 General program operations	\$84,300	\$110,000	0.00	0.00
	24 Examinations; general program operations	\$5,100	\$7,100	0.00	0.00
	28 General program operations; medical examining board	\$13,400	\$17,000	0.00	0.00
	Professional regulation SubTotal	\$102,800	\$134,100	0.00	0.00
	DET Rate Increases SubTotal	\$102,800	\$134,100	0.00	0.00
	Agency Total	\$102,800	\$134,100	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5009	Extend Medical Board Project Positions

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$66,600	\$66,600
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$27,400	\$27,400
06	Supplies and Services	\$20,000	\$20,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$114,000	\$114,000
18	Project Positions Authorized	2.00	2.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5009 NARRATIVE

Extend the two project positions another two years. A project paralegal and project investigator position were established in the 2009-2011 budget for support of the Medical Examining Board (MEB) and its affiliates.

DIN 5009 ISSUE PAPER

DEPARTMENT OF REGULATION AND LICENSING

2011-13 BIENNIAL BUDGET

ISSUE PAPER

I. ISSUE

Extend the two project positions another two years. A project paralegal and project investigator position were established in the 2009-2011 budget for support of the Medical Examining Board (MEB) and its affiliates.

II. REQUEST

Extend the two project positions that support the MEB and affiliates for another two year period.

	2011-12	2012-13	Total
Salary	\$66,600	\$66,600	\$133,200
LTE			
Fringe	\$27,400	\$27,400	\$54,800
Supplies and Services	\$20,000	\$20,000	\$40,000
Totals	\$114,000	\$114,000	\$228,000
New FTE	2.00	2.00	2.00

III. BENEFITS

The MEB and its affiliated boards are tasked with ensuring that the physicians and other licensed health professionals that they oversee are practicing competently. The Division of Enforcement (DOE) staff assigned to these boards has a heavy caseload, which has resulted in lengthy time periods before resolution of many of these cases can be accomplished. In 2009, the Department established a new initiative to attempt to resolve all of the boards' cases within 18 months of the case being opened for investigation. Loss of these positions will result in a significant reduction of the number of cases that can be resolved within this time period.

Retention of the project positions will lead to additional efficiencies in the case management system. It will also give additional stability to the positions where turnover is a factor. The constant turnover of employees leads to inefficiency due to the time lost trying to re-hire/fill the positions, training the new employees after their predecessors leave the position, and the transferring of caseloads to and from employees. The delay in case resolution would reduce the Department's ability to protect the public from incompetent physicians and other professionals.

Lastly, the extended positions offer attorneys additional paralegal and investigator support, which allows attorneys to focus on purely legal work rather than work that could be accomplished by a paralegal or investigator; work that attorneys previously had to perform. The project paralegal and investigator positions have added full time support, which has greatly assisted in case management and resolution.

The attorneys' ability to focus his/her attention on more complex cases ultimately allows for better service to the public by allowing for more thorough and efficient case resolution.

IV. BACKGROUND

2009 Wis. Act 28 § 9142(1) established the requirement to have a work unit in DRL to support the MEB and affiliated credentialing boards. The 2009-2011 budget approved the creation and implementation of 16.93 permanent positions (8 existing FTE and 6.93 new FTE) and 2 project positions to support the MEB and its affiliated credentialing boards. Currently, the MEB and its affiliated boards support group has 1.5 permanent paralegals, 1 project paralegal, 3 permanent investigators, and 1 project investigator.

In 2009, the Department set an 18-month case resolution goal for the MEB. The Departmental goal is meant to ensure rapid case resolution, within 18 months of receiving a complaint and opening a case for investigation. The reason for setting the 18-month goal was to ensure that the public is protected from incompetent physicians and other professionals regulated by the MEB and affiliated boards, since the matters dealt with by the MEB and its affiliated boards are potentially dangerous to the public.

The purpose of creating the two project positions was to assist in reducing the backlog of cases, and to determine if additional staffing increased progress and efficiency in meeting the goal of rapid case resolution. The MEB cases are the most complex and time consuming. The project paralegal's start date

was February 1, 2010. The project investigator's start date was March 1, 2010.

From February 1, 2009 through July 31, 2009, the MEB and affiliated boards closed 87 cases. During the same time period in 2010 (from February 1, 2010 through July 31, 2010), the MEB and affiliated boards staff closed 116 cases, 42 of which were closed by the work of the two project positions. From February 1, 2009, through July 31, 2009, 27 cases were resolved with formal board orders by the MEB and affiliated boards' staff and affiliated staff. In that same time period in 2010, 38 cases were closed formally. While the project investigator was here, he increased the number of resolved cases by 25%. The project paralegal was instrumental in increasing formal disciplinary actions by 40.7%.

Comparison to other States' caseload:

State	<i>Investigator</i>	<i>Paralegal</i>	<i>Lawyer</i>
West Virginia	20 avg. caseload	95 avg. caseload	95 avg. caseload
Alabama	44/year	50/ year	60/year
Washington	26 avg. caseload	Do not carry case load	40 avg. caseload
California	20 avg. caseload	Do not carry case load	28 avg. caseload
Wisconsin	70/year	40-50 avg. caseload	90-100 avg. caseload

V. ANALYSIS OF NEED

The original purpose of creating the positions was to decrease the backlog and to determine if the additional positions would increase productivity and efficiency in case management. Since the project positions were filled, there was a 33.3% increase in case closures when compared to the same time period the previous year (1/3 more cases were closed). 42 of the 116 cases were closed as a direct result of the work of the two project positions. Additionally, since the hire of the two project positions, there has been a 40.7% increase in formal case closures. The increase in formal case closures is a direct result of the hire of the project positions and the work those employees accomplished. The backlog of cases has decreased and productivity has increased, as evidenced above, because of the hiring of the project positions. The work of the employees in the project positions has proven to be important to the achievement of Departmental goals including rapid case resolution and better protection of the health, safety, and welfare of the public; therefore, the project positions should be extended.

Furthermore, in order to achieve its 18-month closure goal and fulfill its mission the MEB needs the project positions to be extended. Currently, the MEB is increasing case closures, decreasing backlog, and improving the time period between cases being opened and closed; however, this progress is only

possible because of the support staff dedicated to the MEB, including the two project positions. The progress the MEB has achieved also has to do with the work done/being done in an efficient manner. The efficiencies can only be achieved if the positions are kept.

VI ALTERNATIVES

Make the project positions permanent FTE and maintain the current accelerated case resolution success on a long term basis.

VII STATUTORY LANGUAGE

N/A

VIII INTERNAL AND EXTERNAL IMPACT

An extension for the project positions will ensure continuity of care for cases and the complainants and respondents involved.

Extending the positions will benefit the public by:

- Reducing delays in case resolution caused by lack of resources.
- Reducing backlog and expediting case resolution, which protects the public from harm by incompetent physicians and other professionals.
- Reducing the overall caseload allowing for more efficient and thorough case management. Caseloads should not increase but rather remain steady or even decrease, as staffing levels will remain constant. Cases will be reviewed and examined more thoroughly allowing for more rapid case resolution.

IX FUNDING

Funding will be provided with program revenue received by the department that is generated from the fees for professional licensing and regulation.

X COMPANION REQUESTS

N/A

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5009	Extend Medical Board Project Positions				
	PR	S	\$114,000	\$114,000	2.00	2.00
	Total		\$114,000	\$114,000	2.00	2.00
Agency Total			\$114,000	\$114,000	2.00	2.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5009	Extend Medical Board Project Positions			
01	Professional regulation				
	28 General program operations; medical examining board	\$114,000	\$114,000	2.00	2.00
	Professional regulation SubTotal	\$114,000	\$114,000	2.00	2.00
	Extend Medical Board Project Positions SubTotal	\$114,000	\$114,000	2.00	2.00
	Agency Total	\$114,000	\$114,000	2.00	2.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	5010	Appropriation 136 - Re-estimate

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$124,400	\$124,400
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$124,400	\$124,400
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 5010 NARRATIVE

Due to a recent increase in the cost to do background checks, a new accounting method instituted in FY10, and an increased usage by new professions the department is requesting an increase in authority.

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	5010	Appropriation 136 - Re-estimate				
	PR	S	\$124,400	\$124,400	0.00	0.00
	Total		\$124,400	\$124,400	0.00	0.00
Agency Total			\$124,400	\$124,400	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	5010	Appropriation 136 - Re-estimate			
01	Professional regulation				
	36 Applicant investigation reimbursement	\$124,400	\$124,400	0.00	0.00
	Professional regulation SubTotal	\$124,400	\$124,400	0.00	0.00
	Appropriation 136 - Re-estimate SubTotal	\$124,400	\$124,400	0.00	0.00
	Agency Total	\$124,400	\$124,400	0.00	0.00

Decision Item by Line

DEPARTMENT	CODES	TITLES
	165	Department of Regulation and Licensing
DECISION ITEM	CODES	TITLES
	6001	Gifts, Grants, Settlements and Proceeds

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$200,000	\$200,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$200,000	\$200,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

DIN 6001 NARRATIVE

As a program revenue agency we have a variety of fee based revenue that is receipted other than credentialing based. We receive revenues for costs associated with an investigation, and in some instances, the prosecution associated with a complaint. We also receive revenues from lists of licensees that are provided to the public for a fee and copies that are provided for a fee. The department does not have the authority to spend the revenues.

The revenues have costs associated with them for collections, processing, IT related, Division of Enforcement staff time (Attorney, Paralegal, Investigator and Intake), and one-time activities. The new appropriation will allow the department the flexibility to offset some or all of the costs.

Decision Item by Fund Source

Department of Regulation and Licensing

					1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total		
Decision Item	6001	Gifts, Grants, Settlements and Proceeds				
	PR	S	\$200,000	\$200,000	0.00	0.00
	Total		\$200,000	\$200,000	0.00	0.00
Agency Total			\$200,000	\$200,000	0.00	0.00

Decision Item by Numeric

Department of Regulation and Licensing

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	6001	Gifts, Grants, Settlements and Proceeds			
01	Professional regulation				
	33 Gifts, Grants, Settlements and	\$200,000	\$200,000	0.00	0.00
	Professional regulation SubTotal	\$200,000	\$200,000	0.00	0.00
	Gifts, Grants, Settlements and Proceeds SubTotal	\$200,000	\$200,000	0.00	0.00
	Agency Total	\$200,000	\$200,000	0.00	0.00